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October 10, 1996

BY HAND

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, DC 20554

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Federal Communications Commission
Office of Secretary

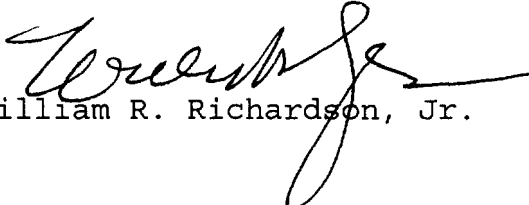
Re: CS Docket No. 96-60
Ex Parte Presentation

Dear Mr. Caton:

On behalf of ValueVision International, Inc. ("ValueVision"), and pursuant to Section 1.1206 of the Commission's rules, this notice is filed in duplicate to notify the Commission that on October 9, 1996, representatives of ValueVision met with Lynn Crakes, Edward Gallick, Julia Buchanan, Anita Wallgren, Suzanne Toller, and Jackie Chorney to discuss matters raised in ValueVision's comments and reply comments filed in the above-referenced proceeding, and the attached materials.

If there are any questions concerning the above-referenced matter, please communicate with the undersigned.

Sincerely yours,


William R. Richardson, Jr.

cc: Lynn Crakes
Edward Gallick
Julia Buchanan
Anita Wallgren
Suzanne Toller
Jackie Chorney

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Denver and the West
The Denver Post
Monday, October 7, 1996
Section B

Making room for Fox News

TCI shuffles its channels

By Stephen Keating
Denver Post Business Writer

When the Fox News Channel hit homes in Colorado and across the country this morning, 28 established networks were knocked off or squeezed down on cable TV systems controlled by Tele-Communications Inc.

Court TV — off its regular perch in Denver, now shares a channel with sex movies.

Playboy TV — off in Hartford, Conn. The Faith & Values Channel — off in Salt Lake City.

The channel churn came courtesy of a \$200 million deal Colorado-based TCI struck with Rupert Murdoch's News Corp. to air the 24-hour news channel in at least 10 million homes.

"It was incredibly important," said Roger Ailes, the chairman of Fox News, which will have a bureau in Denver. "It gave us the springboard."

But the deal raises a longstand-

ing question: Who controls the airwaves?

When it comes to cable TV, the answer is a chaotic mix of corporate media interests, government regulation and complacent viewers.

There are also too many networks and not enough channels.

Yet Murdoch's News Corp., which already has the Fox Network and the f/X channels on many TCI systems, now has another.

Critics see too much control in too few hands.

"We are indeed a captive audience of what the cable

company does," said Robert Rosenberg, president of The Insight Research Corp. in Livingston, N.J.

TCI, the nation's largest cable TV company, defends its decision.

Robert Thomson, a TCI senior vice-president, said Fox News will offer a competing voice in television news.

Fox also will give TCI a \$200 million loan — for the stated pur-

**MONEY
FIGHT: TCI
vs. Vail/GE**

Please see FOX on 3B

TCI shuffles channels to make room for Fox

FOX from Page 1B

pose of rebuilding TCI cable systems to offer more channels — and the option to buy 20 percent of Fox News.

Ailes claims Fox News is needed to balance what he termed the "liberal bias" of TV news, specifically Ted Turner's Cable News Network.

To make room for Fox News, TCI said it targeted the least viewed commercial channels and has received few complaints. However, a public relations campaign by Lifetime Television, which markets to female viewers, may have saved it from the ax in some areas.

"We tried to spread the pain," Thomson said.

One local programmer contends that a choice between TCI-selected programs is really no choice at all.

"I think it's bad for democracy when a cable company can control everything that's seen on its wires," said John Schwartz, president of Boulder-based Free Speech TV, who has fought TCI for years over access and censorship issues. "They don't want anyone competing with them in programming."

TCI, like most cable companies, has a monopoly on the ground in the areas it serves. But there is competition from the sky.

Services such as DirecTV, which will carry Fox News, beam programs to home satellite dishes and have more channel capacity than current cable systems.

Cable companies, which serve 64 million households, also work under a tangle of federal regulations. Today, the Supreme Court is set to hear arguments from the cable industry that they should not be required to set aside up to one-third of channel capacity for local TV stations, as required by Congress in 1992.

Fox News, meanwhile, was required by the corporate strategies

of TCI and other cable operators who will carry the channel.

That meant other networks had to go or be shifted, including Court TV on Channel 42 in Denver. It will move to Channel 52 in Denver during the day, then yield to "Spice" pay-per-view adult movies at night.

Ironically, TCI owns part of several networks affected nationwide, including Court TV.

In Colorado, TCI systems in Fort Collins, Alamosa, Aspen, Grand Junction and Steamboat Springs could lose, or see shifted, current cable channels due to the launch of Fox News.

Free TV's Schwartz and other advocates of alternative access to the airwaves say it is important to have dissenting views expressed. His avowedly liberal 90s Channel was knocked off seven TCI systems in November when the cable operator raised his lease rates from less than \$7,000 a month to more than \$250,000 a month.

"I don't think the public comprehension is strong," said Schwartz, whose Free Speech TV now shows in 56 markets, including Boulder. "It's as if people are supposed to be entertained by television, not think about how it operates."

The politics of TV programming are well-known to Roger Ailes, a longtime TV producer and onetime media adviser to President Reagan.

With cable news competitors CNN and new entrant MSNBC already on the air, Ailes presents the debate over who controls the airwaves as bait.

"Fox News is going to be balanced and fair and that might look a little more conservative to people who've been tipping to the left," said Ailes during a recent phone interview from New York. "I do notice that it is terrifying some reporters."

	<u>BST + CPST</u>	<u>CPST</u>	<u>BST</u>
Monthly Rate	\$24	\$14	\$10
EBITDA Margin	50%	35.71%	70%
Homes Passed	7,200	7,200	7,200
Current Penetration	58.00%	58.00%	58.00%
Assume 1% Drop in CPST			
Subscription After CLA		57.42%	58.00%
Subscribers	4,176	4,134	4,176
Monthly Rate	\$24	\$14	\$10
Subscribers	4,176	4,134	4,176
Monthly Revenue	\$100,224	\$57,876	\$41,760
12 Months	12	12	12
Annual Revenue	\$1,202,688	\$694,512	\$501,120
EBITDA Margin	50%	35.71%	70%
EBITDA	\$601,344	\$248,010	\$350,784
EBITDA Lost Due to CLA		\$2,550	
EBITDA Lost Due to CLA		<u>\$.0509</u>	
per Sub per Month Based			
on 1% Drop in CPST			
Subscribers			

Continental Cablevision, Inc.
Impact of CLA Rules on Penetration and EBITDA

Data Items:	CCI Wtd. Avg. Data	Various Demand Scenarios		
		Best Case	Middle Case	Worst Case
Total Activated Channels	56			
Must Carry Channels	5			
Activated Channels Subject to Set Aside	51			
Set Aside Requirement	15%			
CLA Set Aside Channels (on BST or CPST)	8			
Channels Used for CLA (based on demand)		2	4	8
Monthly BST + CPST Rate	\$24.00			
EBITDA Margin	50%			
Homes Passed (in 000's)	7,200			
Current Penetration	58.00%			
Impact of CLA on Penetration (per CLA Channel)	-1.0%			
Penetration After CLA		56.00%	54.00%	50.00%
Subscribers After CLA (in 000's)	4,176	4,032	3,888	3,600
<u>Annual Penetration Impact from CLA (in \$000s):</u>				
Monthly BST + CPST Rate	\$24.00	\$24.00	\$24.00	\$24.00
Subscribers	4,176	4,032	3,888	3,600
Monthly BST + CPST Revenue	\$100,224	\$96,768	\$93,312	\$86,400
12 Months	12	12	12	12
Annual BST + CPST Revenue	\$1,202,688	\$1,161,216	\$1,119,744	\$1,036,800
EBITDA Margin	50%	50%	50%	50%
EBITDA	\$601,344	\$580,608	\$559,872	\$518,400
EBITDA Lost Due to CLA		\$20,736	\$41,472	\$82,944
EBITDA Lost Due to CLA per Sub. per Mo. per CLA Channel		\$0.2143	\$0.2222	\$0.2400